

**Before The
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
Schools and Libraries Universal Service)	CC 02-6
Support Mechanism)	
)	
Further Notice of Proposed Rulemaking)	FCC 03-323
)	

COMMENTS OF THE

Rural School and Community Trust

Introduction

The Rural School and Community Trust is a national nonprofit organization, rooted in rural America, whose mission is to help rural schools and communities improve together. The Rural Trust works both with networks of schools and community groups, as well as with state entities and others to improve state education policies. In order to achieve the Rural Trust's vision of vibrant, thriving, sustainable rural communities with high-quality schools, several specific strategies are employed including serving as a resource to educators and policymakers at the state and national levels by identifying and analyzing policies and practices that strengthen rural education and changing policies that are detrimental to rural schools. In that capacity the Rural School and Community Trust responds to this Further Notice of Proposed Rulemaking (FNPRM) and at this time restrict our comments to two major issues: 1) the discount matrix; and (2) the definition of rural area.

**A. The Rural School and Community Trust Recommends That The
Decision to Alter the Discount Matrix Be Delayed**

The Commission seeks comment on changing the matrix to adjust the levels of discounts received by schools and libraries for supported services. The Rural School and Community Trust concurs in principle and rationale with USAC's Task Force on Waste, Fraud, and Abuse, which recommended that the discount level for internal connections be lowered from 90 percent to 80 percent for Priority Two services. However, prior to following through with this recommendation, the Rural Trust sees reason to first allow the rules adopted in the Commission's companion Order--which limit the availability of support for

internal connections to twice every five years--to have the intended dual impact of making support available to more applicants on a regular basis while reducing the potential for waste, fraud, and abuse. After the recent ruling in the Third Report and Order which allowed the roll over of unused funds from prior years into FY2003, the SLD released the final funding wave on March 3, 2004 which approved Internal Connections requests for FY2003 down to the 70% discount level. It remains to be seen whether a long-term downward trend in the discount levels funded for Priority 2 services will be realized and whether the potential for waste, fraud and abuse will have been substantively reduced as a result. Therefore, the Rural School and Community Trust recommends that the decision to alter the discount matrix be delayed until the impact of the "twice-in-five" rule and the effective lowering of the threshold for successful Priority 2 applicants can be evaluated.

B. The Rural School and Community Trust Supports the Use of Locale Codes As The Criteria for Rural/Urban Designation

Given the obsolescence of 1990 US Census definitions and that of the "Goldsmith Modification" as originally used by the Office of Rural Health Care Policy (ORHP) and used by USAC in determining the eligibility of schools and libraries as "rural" or "urban" E-Rate applicants, the Commission seeks comments on whether a new definition of rural areas should be adopted and, if so, what that new definition should be.

It is the position of the Rural School and Community trust that the Locale Codes, as currently used by the US Department of Education's National Center for Educational Statistics (NCES) are the most appropriate mechanism for defining the rurality of E-Rate applicant schools and libraries. The use of Locale Codes in defining applicant rurality is supported by the following:

1. The Locale codes are the most accurate, locally appropriate method of assessing rurality at the school building level

As NCES notes¹, the Locale codes, also known as the Johnson codes, were developed in the early 1980s by the U.S. Bureau of the Census to deal with the problems inherent in the forerunning Beale Codes and Metro Status Codes. The Locale codes were originally based on both the proximity to metropolitan areas and on population size and density. These three factors uniquely contribute to the most accurate assessment of rurality possible. Further, unlike several proposals raised in the rural health care proceeding, the codes are based on the addresses of individual schools and are assigned at the school level, thus they are as perfectly reflective of the school or library applicant itself,

¹ National Center for Educational Statistics, US Department of Education, *What's Rural: Urban/Rural Classification Systems*, <http://nces.ed.gov/surveys/ruraled/Definitions/asp>

as is possible. Finally, with the use of the Locale codes in determining E-Rate applicant rurality, it will be possible to disaggregate the rurality status of geographically large or county-wide districts by school. Again, this should serve to be a more accurate reflection of the differing rurality statuses of schools in very large districts. In those instances in which a library, a school district, a consortium, a regional education entity, or a state is the E-Rate applicant, the applicant can easily determine the individual rurality status of each school building (or library is whose attendance area the library is located).

As NCES states, “Locale codes are based on the specific conditions of schools and refer to very small geographic areas and circumstances, such as population density and size, which are most likely to be homogeneous in such small areas. Thus, the Locale codes would generally provide the most accurate characterization of the type of community that students live in.”

NCES cautions, however, that “...when the unit of analysis is the school district, the use of the plurality method of assignment of Locale codes to the entire school district results in less precise results.” Because of the assignment of rural/urban status, regardless of the applicant, by school rather than by district on Form 471, there will be no need to “pre-average” the rurality status of any applicant. All applicants can include the individual rural/urban status of each school included in the geographic area served by the applicant.

2. The Locale Codes are easily understood and intuitively sound.

NCES has worked with the US Census Bureau in updating the criteria on which the Locale Codes are now based. The new definitions have been implemented with the analysis of the soon-to-be-released 2002-03 Common Core of Data.

The Locale codes are newly defined as follows:

- (1) **Large City** – A central city of a Core-based Statistical Area (CBSA) with the city having a population greater than or equal to 250,000
- (2) **Mid-Size City** – A central city of a CBSA or Consolidated Statistical Area (CSA), with the city having a population less than 250,000
- (3) **Urban Fringe of a Large City** – Any incorporated place, Census designated place (CDP), or non-place territory within a CBSA or CSA of a Large City and defined as urban by the Census Bureau.
- (4) **Urban Fringe of a Mid-Size City** – Any incorporated place, Census designated place (CDP), or non-place territory within a CBSA or CSA of Mid-Size City and defined as urban by the Census Bureau.
- (5) **Large Town** – An incorporated place or Census designated place (CDP) with a population greater than or equal to 25,000 and located outside a CBSA or CSA.
- (6) **Small Town** – An incorporated place or Census designated place (CDP) with a population less than 25,000 and greater than 2,500 and located outside a CBSA or CSA.

- (7) **Rural, outside CBSA** – Any incorporated place, Census designated place (CDP), or non-place territory not within a CBSA or MSA and defined as rural by the Census Bureau
- (8) **Rural, inside CBSA** – Any incorporated place, Census designated place (CDP), or non-place territory within a CBSA or MSA and defined as rural by the Census Bureau.

3. Locale codes are widely known and readily accessible

Unlike some proposed methods of defining rurality, the NCES Locale codes are currently known and used by every public school across the country. State education agencies know and routinely use these codes. The codes are available to download for every school building in every state through the NCES website.² They are likewise available for Bureau of Indian Affairs schools and Department of Defense schools. They are not available for American territories and outlying areas, nor are they directly available for private schools or libraries. The explicitness of the code definitions, however, make the assignment of Locale Codes to territorial, private school and library applicants straightforward. This information could easily be made available on the SLD website.

4. A Rural-Urban Dichotomy Can Be Achieved

While the strength of the Locale Codes is in the utility of the eight discreet categories into which schools can be categorized, it is possible to achieve a rural-urban dichotomy as well. Codes 1-5 best describe “urban”, which includes large cities, mid-size cities, urban fringe of large cities, urban fringes of mid-size cities, and large towns. Codes 6-8 best define “rural”, including small towns, rural areas outside CBSA/MSAs and rural areas inside CBSA/MSAs.

US Census definitions of rurality continue to be defined as “non-urban”, but urban areas are now based solely on population density, that is:

- Core census block groups or blocks that have a population density of at least 1,000 people per square mile and
- Surrounding census blocks that have an overall density of at least 500 people per square mile³

The Census Bureau terms, urbanized areas (UAs) and urban clusters (UCs), are therefore based on the census block as the unit of analysis, while Metropolitan and Micropolitan Statistical Areas (included in Core Based Statistical Areas–CBSAs) are determined at the county level. This is

² National Center for Education Statistics, Common Core of Data, Information on Public Schools and School Districts in the United States, <http://nces.ed.gov/ccd/search.asp>

³ U.S. Census Bureau, Census 2000 Urban and Rural Classification, http://www.census.gov/geo/www/ua/ua_2k.html

problematic only to the extent to which “non-metro” areas continue to be considered—against the cautions of the Census Bureau—as synonymous with “rural”.

Use of the Locale Codes 6-8 to define rural areas for purposes of E-Rate discounts:

- a) Eliminates the definition of rurality based on “non-metro” status
- b) Encompasses density, size, and remoteness of population in determining rurality
- c) Allows for the inclusion of non-urbanized, small towns (under 25,000 population) to be included as “rural”.

Precedents exist for use of the Locale Codes in determining rurality. The National Assessment of Educational Progress (NAEP) has typically defined rural/urban in this manner. The Rural and Low-Income School Program, a sub-program of Rural Education Achievement Program (REAP), uses NCES Locale Codes of 6, 7, or 8 as an eligibility criterion.

5. The Proportion of Schools Categorized as Urban and Rural Will Likely Remain Fairly Stable

The number of US public schools broken down by Locale Code prior to release of the 2002-03 Common Core of Data is as follows⁴:

Number of Public Schools and Enrollment By Locale Code

Locale Code	# of Schools	Enrollment	
		Number	Percentage
1- Large City	11,599	7,576,687	15.9
2- Midsize City	11,599	6,329,395	13.3
3- Urban fringe of a Large City	22,378	14,300,862	30.1
4- Urban fringe of a Midsize City	8,076	4,442,580	9.3
5- Large Town	1,203	563,119	1.2
6- Small Town	10,662	4,404,348	9.3
7- Rural, Outside MSA	18,023	4,636,945	9.8
8- Rural, Inside MSA	10,612	5,264,687	11.1
TOTAL	94,112	47,687,871*	100

⁴ U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2001-02 and "State Nonfiscal Survey of Public Elementary/Secondary Education," 2001-02. Data taken from: Table 8: Distribution Of Public Elementary And Secondary Schools By Community Type And By State http://nces.ed.gov/pubs2003/overview03/table_08.asp and Table A-8: Number And Percentages Of Students, By Community Type And By State http://nces.ed.gov/pubs2003/overview03/table_A8_1.asp

* NCES takes total student membership from the “State Nonfiscal Survey of Public Elementary/Secondary Education”. This number differs from the sum of the student totals by locale code by 169,248. US Totals include the 50 states and the District of Columbia.

If Locale Codes 1-5 are grouped as “urban” and Codes 6-8 are grouped as rural, the distribution of schools and students can be seen as follows:

Number of Schools and Enrollment by Urban-Rural Status

Locale Code	# of Schools	Enrollment	
		Number	Percentage
1- Large City	11,599	7,576,687	15.9
2- Midsize City	11,599	6,329,395	13.3
3- Urban fringe of a Large City	22,378	14,300,862	30.1
4- Urban fringe of a Midsize City	8,076	4,442,580	9.3
5- Large Town	1,203	563,119	1.2
URBAN	54,855	33,212,643	69.9
6- Small Town	10,662	4,404,348	9.3
7- Rural, Outside MSA	18,023	4,636,945	9.8
8- Rural, Inside MSA	10,612	5,264,687	11.1
RURAL	39,297	14,305,980	30.1
TOTAL	94,112	47,518,623*	100%

* Total enrollment in this table reflects the sum of students reported by Locale Code, rather than NCES Total Student Membership.

With the application of new Census definitions to Locale Codes, there is likely to be some micro-shifting of school status because of the ability to assess population density at the census block level. These shifts will occur in status, both from urban to rural and rural to urban. It is unlikely, however, that the overall proportion of either rural or urban schools will be altered significantly as a result of applying a new definition of rurality.

6. “Grandfathering” Existing Rural Areas Is Neither Necessary Nor Wise

Because of the long-term use of Locale Codes with school-based data, schools will be familiar with the Codes and will understand the reasoning behind transition to this accepted standard for defining urbanity/rurality. Furthermore, it is illogical to “grandfather” E-Rate applicants currently designated as rural. Population shifts and broader changes in demographics underscore the need for recategorization. Were the rural status of a school or library to be maintained, regardless of continued suburbanization, the integrity of the program could be questioned.

7. Appropriateness of Locale Codes to Rural Health Care Program

Similar use of Locale Codes across both E-Rate and Rural Health Care Programs is desirable and achievable. Based on the census block location of any hospital or other rural health care applicant, the rurality of the applicant could be determined. Maintaining a common definition of rurality across both the E-Rate and Rural Health Care Programs should streamline program management and oversight and further simplify the determination of eligibility for Health Care Providers (HCPs).